

ORIGINAL

EXCEPTION



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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

TOM FORESE, Chairman
BOB BURNS, Commissioner
DOUG LITTLE, Commissioner
ANDY TOBIN, Commissioner
BOYD DUNN, Commissioner

AUG 4 2017

DOCKETED BY

GP

**IN THE MATTER OF THE
APPLICATION OF ARIZONA
PUBLIC SERVICE COMPANY FOR A
HEARING TO DETERMINE THE
FAIR VALUE OF THE UTILITY
PROPERTY OF THE COMPANY FOR
RATEMAKING PURPOSES, TO FIX
A JUST AND REASONABLE RATE
OF RETURN THEREON, TO
APPROVE RATE SCHEDULES
DESIGNED TO DEVELOP SUCH
RETURN.**

DOCKET NO. E-01345A-16-0036

**IN THE MATTER OF FUEL AND
PURCHASED POWER
PROCUREMENT AUDITS FOR
ARIZONA PUBLIC SERVICE
COMPANY.**

DOCKET NO. E-01345A-16-0123

**SOLAR ENERGY INDUSTRIES
ASSOCIATION AND ARIZONA
SOLAR ENERGY INDUSTRIES
ASSOCIATION
JOINT EXCEPTIONS TO THE
RECOMMENDED ORDER AND
OPINION**

**SOLAR ENERGY INDUSTRIES ASSOCIATION AND
ARIZONA SOLAR ENERGY INDUSTRIES ASSOCIATION
JOINT EXCEPTIONS TO THE RECOMMENDED ORDER AND OPINION**

- 1 The Solar Energy Industries Association ("SEIA") and Arizona Solar Energy
- 2 Industries Association ("AriSEIA") respectfully submit these exceptions to the

1 recommended order and opinion of Assistant Chief Administrative Law Judge Teena
2 Jibilian in the above referenced dockets (“ROO”).

3 Of particular interest to SEIA and AriSEIA, the ROO resolves important issues
4 raised in this proceeding related to distributed solar, including:

- 5 • Providing a range of rate options for residential solar customers, including
6 provisions to allow solar customers to take service under the same time-of-use tariff
7 that is available to non-solar customers;
- 8 • Setting a reasonable Resource Comparison Proxy initial payment level to be offered
9 to residential and small commercial solar customers for energy exported to the APS
10 system;
- 11 • Establishing fair grandfathering provisions for solar customers who timely submit
12 completed net metering applications prior to the rate effective date established in
13 this proceeding; and
- 14 • Resolving policy disputes between Arizona Public Service Company (“APS”),
15 Commission Staff, the Residential Utility Consumer Office, and the solar industry
16 in favor of stable solar policies and rates up through APS’s next rate case so long
17 as the Settlement Agreement that was entered in this proceeding is approved
18 without material modification.

19 The ROO represents a just and reasonable resolution of these issues consistent with
20 Arizona law and Commission precedent, and promotes the public interest. SEIA and
21 AriSEIA recommend that the Commission approve the ROO with the modification
22 proposed below regarding Section VIII of the ROO relating to E-32 L Customers.¹

23 SEIA and AriSEIA are concerned that the inclusion of demand ratchets in the rates
24 of large commercial customers can serve as a barrier to the deployment of solar and storage
25 technologies. The Commission recently signaled a desire to move away from ratchets to
26 allow large customers the option to control bills and reduce overall demand. In the recent
27 Tucson Electric Power (“TEP”) rate case, the Commission expressed dissatisfaction with
28 commercial demand ratchets and ordered TEP to provide a non-ratcheted alternative rate.
29 TEP recently filed its non-ratcheted large general service tariff, which is designed to

¹ Although not important to the substance of the matters addressed in the ROO, SEIA notes that the ROO errs in neglecting to include SEIA among the parties that filed initial closing briefs on page 5, lines 15-18, and finding of fact No. 306 on page 97, and also in neglecting to include SEIA among the parties that filed reply closing briefs on page 5, lines 19-20 and finding of fact No. 310 on page 98.

1 facilitate the adoption of energy storage plus solar among its large general service
2 customers.² The TEP tariff is limited in its size and requires future commission review to
3 make sure there are no unintended consequences to the tariff's adoption.

4 Instead of following this recent precedent, the ROO recommends the adoption of
5 an annual incentive program that was proposed by APS during the hearing that was held in
6 this proceeding. The incentive program that APS proposes would leave the existing
7 demand ratchet in place for E32 L customers and instead offer an incentive of up to
8 \$100,000 per project for projects with five hours of storage and declining incentives for
9 projects with lesser hours of storage capacity. During the hearing, APS testified that it had
10 no idea how much peak demand reduction it might get from its program and that it had
11 done no study or analysis to determine if the incentives were the appropriate level.³

12 SEIA and AriSEIA encourage the Commission to modify the ROO, consistent with
13 precedent in the TEP case, and adopt the optional E32 tariffs proposed by EFCA, which
14 remove the demand ratchet, off-peak demand charge and declining block demand charge
15 from the existing E32 rates yet are designed to be cost-based and revenue neutral.⁴ This
16 approach will provide APS customers with a more meaningful opportunity to adopt storage
17 than the incentive program proposed by APS.

18 I. CONCLUSION

19 SEIA and AriSEIA believe the ROO results in a just and reasonable resolution of
20 the issues described therein and recommends its adoption with the amendment discussed
21 above.

22 Respectfully submitted this 4th day of August 2017.

/s/ Giancarlo G. Estrada
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² See TEP July 7, 2017 Notice of Filing Revised Tariff in compliance with Decision No. 75975.

³ ROO at page 73, lines 18-20.

⁴ ROO at page 62, line 20, to page 64, line 17.

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